



General Assembly

January Session, 2011

***Raised Bill No. 988***

LCO No. 3593

\*03593\_\_\_\_\_LAB\*

Referred to Committee on Labor and Public Employees

Introduced by:  
(LAB)

***AN ACT CONCERNING THE SOLVENCY OF THE UNEMPLOYMENT  
COMPENSATION TRUST FUND.***

Be it enacted by the Senate and House of Representatives in General  
Assembly convened:

1 Section 1. Subsection (f) of section 31-225a of the general statutes is  
2 repealed and the following is substituted in lieu thereof (*Effective*  
3 *October 1, 2011*):

4 (f) (1) For each calendar year commencing with calendar year 1994  
5 but prior to calendar year 2012, the administrator shall establish a fund  
6 balance tax rate sufficient to maintain a balance in the Unemployment  
7 Compensation Trust Fund equal to eight-tenths of one per cent of the  
8 total wages paid to workers covered under this chapter by  
9 contributing employers during the year ending the last preceding June  
10 thirtieth. If the fund balance tax rate established by the administrator  
11 results in a fund balance in excess of said per cent as of December  
12 thirtieth of any year, the administrator shall, in the year next following,  
13 establish a fund balance tax rate sufficient to eliminate the fund  
14 balance in excess of said per cent. For each calendar year commencing  
15 with calendar year 2012, the administrator shall establish a fund  
16 balance tax rate sufficient to maintain a balance in the Unemployment

17 Compensation Trust Fund that results in an average high cost multiple  
 18 greater than or equal to 1.0. If the fund balance tax rate established by  
 19 the administrator results in a fund balance in excess of said amount as  
 20 of December thirtieth of any year, the administrator shall, in the year  
 21 next following, establish a fund balance rate sufficient to eliminate the  
 22 fund balance in excess of said amount. The assessment levied by the  
 23 administrator at any time (A) during a calendar year commencing on  
 24 or after January 1, 1994, but prior to January 1, 1999, shall not exceed  
 25 one and five-tenths per cent, (B) during a calendar year commencing  
 26 on or after January 1, 1999, shall not exceed one and four-tenths per  
 27 cent, and [(C)] shall not be calculated to result in a fund balance in  
 28 excess of eight-tenths of one per cent of such total wages, and (C)  
 29 during a calendar year commencing on or after January 1, 2012, shall  
 30 not exceed one and four-tenths per cent and shall not be calculated to  
 31 result in a fund balance in excess of the amounts prescribed in this  
 32 subdivision.

33 (2) The average high cost multiple shall be computed as follows:  
 34 The result of the balance of the Unemployment Compensation Trust  
 35 Fund on December thirtieth immediately preceding the new rate year  
 36 divided by the total wages paid to workers covered under this chapter  
 37 by contributing employers for the twelve months ending on the  
 38 December thirtieth immediately preceding the new rate year shall be  
 39 the numerator and shall be divided by the average of the three highest  
 40 calendar benefit cost rates in the last twenty years, or a period  
 41 including the last three recessions, whichever is longer. Benefit cost  
 42 rates are computed as benefits paid including the state's share of  
 43 extended benefits but excluding reimbursable benefits as a per cent of  
 44 total wages in covered employment. The results rounded to the next  
 45 lower one decimal place will be the average high cost multiple.

This act shall take effect as follows and shall amend the following sections:

Section 1	<i>October 1, 2011</i>	31-225a(f)
-----------	------------------------	------------

***Statement of Purpose:***

To change the method of calculating the unemployment compensation fund tax rate in order to achieve a rate sufficient to eliminate the fund balance.

*[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]*